

# The Symphony Of Southeast Texas In 2015: A Regional Orchestra Navigating New Horizons

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## ABSTRACT

*The Symphony of Southeast Texas (Beaumont, TX) is the only professional symphony orchestra between Houston, TX, and Lake Charles, LA. From 2010- 2014, the organization focused on resolving internal management and financial challenges. Additionally, the orchestra identified 3 major goals: (1) To be an orchestra able to play anything, (2) To be an orchestra reaching 1/3 of the local population each season, and (3) To be an orchestra hosting a music school with a full youth orchestra. As the 2014 -2015 season began, these initiatives created a position full of possibilities for the orchestra's new executive director. He could now reach beyond simply solving problems within the organization, in order to bring the community of Southeast Texas a new perspective on classical music and the Symphony. This case study, best used in undergraduate or graduate management, marketing, service management, nonprofit management, operations management, or strategy courses, describes the progress of the orchestra and studies the opportunities and challenges still facing the Symphony of Southeast Texas in light of this new era. The information presented in the case study was obtained through interviews with staff and board members of the organization, along with a case study of the orchestra conducted in 2010. The findings were then analyzed to identify trends in opinions among members of the organization and to gather facts about the current management and the future of the Symphony of Southeast Texas. The study finds that the Symphony is well-managed, but must find new, exciting ways to fulfill its mission of reaching the community.*

**Keywords:** Nonprofit; Management; Board and Organizational Effectiveness; Nonprofit Marketing

## THE SYMPHONY OF SOUTHEAST TEXAS – 2014<sup>1</sup>

It was the beginning of the 2014-2015 season for the Symphony of Southeast Texas. The organization was poised to soar to new places from the heights they had risen to over the preceding five years. During that time, the orchestra had increased concert attendance due to the unique and engaging style of Chelsea Tipton II as its Music Director. Additionally, the organization had increased ticket sales by over 20%, donor contributions by 25%, and advertising sales by over 250%. Improvements in the budgeting process established an annual artistic (concert) expense budget that created a financial framework for planning the artistic components of the season. Thanks to these revenue increases, all debt and line of credit borrowing were eliminated, thus positioning the orchestra for continued growth and success. In the summer of 2014 the orchestra hired a new executive director with extensive fundraising experience. The completion of many of the strategic plan initiatives of the orchestra created a situation full of possibilities for the new executive director. Indeed, the new executive director stepped into an improved orchestra that was poised to reach beyond simply solving problems within the organization. The new executive director was free to bring the community of Southeast Texas a new and unique perspective on classical music and the Symphony. With a new era ahead, observing the progress of the orchestra and studying the opportunities and challenges facing the organization was imperative.

<sup>1</sup>The following case study is a supplementary update to "The Symphony Of Southeast Texas In 2010: Managing A Regional Orchestra In Modern Times" published in the Journal of Business Case Studies Vol. 6, No. 6, November/December 2010.

## OVERVIEW

### **Mission**

The mission of The Symphony of Southeast Texas is to develop, maintain, and nurture a symphony orchestra of the highest achievable artistic quality that will, within a viable economic framework, play a major role in the education, entertainment, and cultural enrichment of all residents of Southeast Texas.

### **History & Programs**

The Symphony of Southeast Texas is the only professional orchestra between Houston, TX, and Lake Charles, LA. The orchestra's annual subscription season includes four classical concerts and one Pops concerts. Additionally, the orchestra performs four free youth education concerts for area students, a Holiday concert, a free July 4 concert in conjunction with the City of Beaumont's festivities, and an occasional "run-out" concert in nearby towns. Chamber orchestra concerts appear in various events throughout the community, which creates collaborative opportunities with other area arts organizations. Calder Baptist church hosts a series of annual chamber orchestra concerts for their church members and the community. With the exception of "run-outs" and Chamber groups, all performances are at the Julie Rogers Theatre in Beaumont, and the season typically runs from September to May. The orchestra plans its concerts and guest artists approximately one year in advance, but often reserves concert dates two to three years in advance.

### **Organizational Structure**

#### *Staff*

The orchestra's full time staff consists of an executive director, a director of operations, an administrative assistant/bookkeeper, and a music director. Additionally, a marketing director works part-time for the organization. The Executive Director oversees all of the orchestra's operations, focusing on human resources, financial oversight, operations oversight, and fundraising/development/grant writing activities. The Director of Operations hires the necessary musicians for each performance, finding substitutes to fill temporary vacancies and/or musician absences, working with the staff of the Julie Rogers Theatre to ensure that the stage is set properly for each rehearsal and performance, and renting/distributing the musical selections to the orchestra members prior to each concert. The Administrative Assistant manages ticket sales, databases, accounting and bookkeeping, and general administrative duties.

The music director conducts all of the orchestra's concerts and rehearsals and is the "face" of the orchestra to the community of Southeast Texas. He works closely with the operations director on orchestra personnel issues. Working with the Executive Director and the Board of Directors, he collaborates on programming and fundraising activities. He also promotes the orchestra to the community.

The addition of a part-time Marketing Director has freed top administrators from having to focus as much on promotions for each concert. The responsibilities of the Marketing Director include writing/distributing press releases for performances, designing each concert's program book and the orchestra's newsletter, contributing new ideas to concert promotion efforts, creating connections to area media personalities, and scheduling promotional interviews.

#### *Orchestra Musicians*

The Symphony of Southeast Texas employs approximately 60 musicians for each performance. While many musicians are American Federation of Musicians members, they are not under any type of collective bargaining agreement with the orchestra. The orchestra includes local musicians and players from the Greater Houston Area. The musicians are paid on a per service basis. Each rehearsal and performance is a service. Four rehearsals precede each classical concert, while the other concerts have only one rehearsal. The typical four-rehearsal schedule includes Tuesday, Wednesday, and Thursday evening rehearsals with a dress rehearsal the afternoon of the concert day. The

one-rehearsal schedule typically involves a rehearsal during the day for an evening concert. It is imperative to have four full rehearsals for classical concerts because those rehearsals are the only time the orchestra practices the repertoire together for that specific concert. Because the musicians do not play together on a weekly basis, four rehearsals are crucial for developing group cohesiveness and preparing the concert.

Since hiring Chelsea Tipton II as the Music Director in 2009, the orchestra's overall morale has increased because artistic expectations are clearly communicated, genuine appreciation of the musicians is expressed, and musicians are invited to suggest musical selections for concerts. Increased focus on "taking care" of the orchestra, primarily through periodic raises, engagement with the board through the Player's Committee, and appreciation from other constituents of the organization, has also contributed to a boost in the satisfaction of the musicians. Musician turnover has been reduced through changes to the audition process, hiring fewer student musicians, and selecting musicians who can and want to make the commitment to a part-time, regional orchestra. Overall, the musicians feel a strong sense of ownership towards the Symphony of Southeast Texas, and many of them wish to continue improving the artistic quality of the orchestra.

#### *Board of Directors*

The Symphony of Southeast Texas' seventy-member Board is comprised of local business owners and managers, community leaders, and area educators. Most of the Board members are older, wealthier, well-established members of the community. Board members are expected to purchase season tickets, attend concerts, make or help raise a financial contribution each season, and attend Board and committee meetings. A fourteen-member executive committee leads the Board of Directors.

The organization utilizes a combination of active and creative recruitment and natural attrition at the end of terms to populate the Board with engaged and dynamic members. Recruitment efforts are aimed at skill sets that the orchestra needs from its Board, directors who have important community/industry contacts, directors who have connections to new and unique potential audience groups, and directors who have professional expertise in areas of need for the orchestra. As Board members' terms reach their conclusion, a Nominating Committee actively reviews financial support, concert participation, meeting attendance, Board service impact, and overall skills when determining whether to renew the director's term. Term renewals are unlimited.

The Board of Directors has the ultimate responsibility for the health and success of the orchestra. The Executive Director and Music Director are equal employees who report to the Board President and Executive Committee members. All Board members are volunteers, and the Board, as a whole, is active in supporting and promoting the orchestra.

#### *Symphony League of Beaumont*

The Symphony League of Beaumont, with over 400 members, is a partner organization that supports the orchestra through fundraising activities and contributions. The League holds two annual gala fundraisers for the orchestra, in addition to other smaller educational and cultural activities throughout the year. The League attempts to foster cultural appreciation among local middle and high school students. The funding the Symphony League provides for the Symphony is vital to the success of the organization. Though one Board member says that the purposes of The Symphony League "can be pretty far afield" from the purposes of the orchestra, most Board members recognize the great value the League's financial support and other activities add to the orchestra and community.

### **FINANCIAL OVERVIEW**

Like most professional orchestras, The Symphony of Southeast Texas is a 501(c)(3) non-profit organization. The organization's revenue comes in two forms: earned and contributed. Earned revenue is derived from ticket and program ad sales, and comprises about 50% of all revenue. Contributed revenue, derived from individual and corporate sponsorships, grants, contributions from the Symphony League, and endowment income, comprise the remainder of the orchestra's revenue. The current donor system features 8 different donor levels (based on amount contributed) and a permanent endowment category, with various benefits at each level.

For several years, the orchestra's leaders have been extremely conservative when budgeting revenue, but extremely liberal when budgeting expenses. More than half of the expense budget is devoted to artistic expenses. Since these funds are expended directly on performances, this is a reasonable artistic expense level. The remaining expenses are for production and administrative overhead. Any surplus funds are invested into future projects.

In the 2011-2012 season, The Symphony of Southeast Texas implemented two significant changes to its budgeting process. First, the orchestra changed the timing of the following season's budget preparation from spring to fall of the current season. This change allowed for greater planning and execution of longer-term strategies, and allowed the orchestra the time necessary to raise funds for special projects. The overall goal was to continue to increase the distance between a season's budget preparation and the actual season with hopes of planning two or three seasons' budgets at once in the future. The second change was to give the music director a draft orchestra personnel expense budget. Prior to this change, the music director planned the concert programs for the season, and the expenses that did not pertain to orchestra personnel were adjusted to fit the personnel expense. This change allowed the music director to plan the season's programs around the available financial resources to allow organizational growth in other ways that previously might have suffered to meet the artistic expense. As one Board member said proudly of the change, "An organization cannot cut its way to success."

Where many for-profit organizations have various stable and predictable revenue streams, the Symphony's are limited. Therefore, increasing ticket sales and concert attendance is crucial to the orchestra's long-term survival. With a heavy dependence on contributed revenue, the Symphony of Southeast Texas derives its support from audience members' desire to be involved with the organization. Developing sympathy for the cause is an important responsibility for the Symphony of Southeast Texas.

With the expectation of increased stability and predictability of contributed revenue, the Board selected a new Executive Director with significant fundraising experience in 2014. The new executive director values creating long-term, mutually beneficial relationships with donors, is interested in continuing to assess the needs of the orchestra, and actively applies for a variety of grants. Like other Board members, he identifies his main fundraising challenges as motivating Board members to actively pursue fundraising activities, competing in some ways with other non-profit organizations for donation dollars, and showing potential contributors the value that the Symphony brings to the community.

### **EDUCATIONAL ACTIVITIES**

The orchestra's long-term vision for education centers on becoming the home and core of music education in the community through an extracurricular SOST-hosted music school. This goal is viewed as distant by the Board. Additionally, board members have differing viewpoints on which direction to take music education for the Symphony in the near future.

Some members of the Board want to work toward forming a music school over the next ten to fifteen years. Other members think the Symphony's primary function is to play concerts. They believe that the Symphony's educational activities should supplement the music programs already in schools, and that most of these activities should center on the concerts that are offered during the season. This is the role that the orchestra currently plays in the education of the community. The Symphony offers 4 educational concerts each season to which all area schools are invited. The organization, with the help of the Lamar University Music Department, distributes educational packets to schools in order to help better engage the children when they come to the concerts. These packets also serve as a tool to help teachers when applying to go on a field trip to the Symphony, since field trips focused on fine arts are not approved as often as math and science related trips.

The various interpretations of how education should be offered by the Symphony makes the vision for educational activities seem unfocused. In 2011, the Symphony brought back Side by Side concerts, where the orchestra engaged area students by inviting them to perform on stage next to Symphony musicians. These concerts have been suspended for the 2014-2015 season due to low attendance the previous 3 seasons. In 2014, a summer String Camp was planned, but was canceled because of late planning, the change of the executive director, and low interest from the community. The organization is evaluating what will be next for education and which direction the orchestra should take the vision.

## **AUDIENCE INVOLVEMENT**

The standard venue where The Symphony of Southeast Texas performs, seats 1,663. The orchestra sells an average of 1,450 tickets per concert, including season tickets. However, only about 850-900 people attend performances, on average. Single ticket purchasers rarely do not actually attend the performance, but season ticketholders frequently miss individual performances throughout a season. The orchestra's administration also questions the 500-seat difference in sold tickets and available seats, and wonders how to increase demand. The annual Pops concert sells out nearly every year, but even at that concert, attendance numbers are lower than ticket sales numbers.

Most concerts last about two hours with a twenty-minute intermission, consistent with most professional orchestra concerts. In 2004-2005, The Symphony of Southeast Texas moved its concerts to Saturdays from Thursdays. Despite a small group's insistence that the change has upset a great number of concertgoers, the Symphony's Board and administration feel strongly that conflicts will exist no matter when performances take place. Other local events such as concerts, touring musicals, movies, and sports events often conflict with the orchestra's concerts. Sporting event conflicts are the most common in the Southeast Texas area, and Friday night football prevents the orchestra from having major events on Friday evenings in the fall.

Before each classical concert, the music director hosts a pre-concert discussion for audience members about the evening's program and repertoire. These talks begin 30-45 minutes prior to the performance, in the theatre, and are common at other orchestras' concerts. Concert volunteers take ticket stubs and distribute program books, but neither the orchestra nor the theater provide ushers. The orchestra continues to create opportunities for audience members to interact with musicians in direct and meaningful ways, such as intermission and post-concert receptions.

The average audience member's demographic is similar to Board members', and is consistent with other orchestras. As audience members get older or move away, it is necessary to ensure that every effort is made to attract new audiences. The Symphony of Southeast Texas sees obtaining younger audiences as critical for long-term stability. Additionally, the Symphony is looking to connect with more audience members throughout the entire Southeast Texas region, instead of primarily focusing on audiences in Beaumont. Constituents of the organization believe that the best way to reach out to new audiences is to occasionally perform outside of the typical venue of the Julie Rogers Theatre. During 2015, the orchestra is planning an outdoor concert at Shangri La Botanical Gardens in Orange, TX and will begin performing "On the Town" Chamber Concerts at the Edison Plaza, a recently-renovated iconic building in downtown Beaumont, in conjunction with First Thursdays on Calder Ave., a popular community event.

## **MARKETING**

For several years, The Symphony of Southeast Texas' primary means of paid advertising has been via television commercials on the leading local news channel. However, the orchestra's Marketing Director expressed interest in expanding to advertise on all of the local news channels, especially with the aforementioned station's recently decreasing position of dominance. Commercials appear with increasing frequency as concerts approach, but with fewer younger potential audience members watching television in traditional ways, the Symphony questions whether television ads are the best way to reach new audiences.

The orchestra frequently receives offers for complimentary radio advertising time on several local stations, but must still pay for production of these ads. This expense has deterred any major radio campaigns, because production costs can increase quickly. The orchestra does not participate in newspaper advertising. Local newspaper readership has declined significantly in recent years, and the newspaper production's relocation to Houston following Hurricane Ike in 2008 has reduced the amount of local news and event coverage. Therefore, whereas the orchestra previously depended on a feature article covering an upcoming concert, the leadership now sees an article in a small paper reaching a small readership as a poor means to reach new audience members. Cat5, a local newspaper magazine that does reach a larger, younger reader base, features Symphony coverage and the editor of the magazine is very supportive of the organization.



The orchestra sends press releases prior to each performance to local publications, television, and radio stations. Local radio and television interviews with the music director and musicians are also an important form of publicity, but exposure at prime times on important programs, is nearly nonexistent. The Symphony of Southeast Texas receives the most media exposure for its annual Pops concert, but an important part of the orchestra's mission is to bring great classical works to its community.

All orchestras struggle in 2015 to differentiate one classical concert from another to the media. For example, the orchestra may play a Piano Concerto by Mozart on its first concert, and a symphony by Mozart on another concert in the same season. To many media members there may seem to be no difference between the two concerts. The orchestra's leadership also works very hard to show audiences that classical music is fun, entertaining, and unexpected.

A limited marketing budget of about \$12,000 per season causes the Marketing Director to spend most of her energy exploring free or nearly free advertising avenues. She makes efforts to connect with younger audiences through Facebook and Twitter, but finds that it is difficult to build a social media follower base. The Symphony sends out a monthly e-mail newsletter that has a high open-and-read rate. She believes it would be worthwhile to advertise on local news websites and feature more internet stories to engage more 20-30 year olds. She and many of the Board members consider Music Director Chelsea Tipton II to be the single most important marketing asset for the organization because he is popular in the community. He actively promotes the orchestra throughout Southeast Texas, is involved in several different groups in the community, and has won several awards, like the Neches River Festival Citizen of the Year. Though the Music Director is currently the main and most effective promoter for the orchestra, the Board often worries about how to fill his role, should he leave the organization.

During the 2014-2015 season, colorful banners promoting the Symphony decorated the streetlamps of Downtown Beaumont. This was successful because it allowed the many people working, living, and visiting downtown to be continually reminded of the Symphony's presence in the community. The Symphony would like to move into more visual media, like producing videos of musicians talking about their involvement in the orchestra. While significant improvements have been made to marketing efforts in the past five years, the organization is continually interested in seeking new and unique marketing tactics in order to capture the attention of the largely unreached young and middle-aged adults in Southeast Texas.

### **MOVING FORWARD**

The Symphony of Southeast Texas has resolved many internal problems that previously kept the orchestra from reaching its full potential. The organization has had success in increasing concert attendance, ticket sales, donor contributions, and advertising sales. Additionally, the revenue structure of the organization is viewed by constituents as balanced and sustainable. The Symphony now has the ability to explore new ways to fulfill its mission of becoming a major player in the education, entertainment, and cultural enrichment of all residents of Southeast Texas. The Symphony must decide which direction to take its commitment to education in the community: whether it looks toward forming a music school or focuses on being a supplement to successful music education activities in the region. It is also crucial that the organization utilizes the success that it has experienced internally to turn to the community with exciting and effective ways to engage audiences of all ages and from all areas of Southeast Texas. The organization has a responsibility to find unique and successful means of marketing and sustaining interest in the orchestra. Most importantly, the organization must be prepared to brave new horizons in order to ensure that the Symphony of Southeast Texas continues to grow and produce a lasting educational and cultural impact on the entire community.

### **DISCUSSION QUESTIONS**

1. What are the organization's internal management successes? How do these successes provide opportunities to create a better future for the Symphony?
2. What are the challenges associated with attracting new audience members? How can marketing efforts better address these challenges? What mediums should be added/dropped? Can the orchestra guarantee the success of new marketing efforts? How?

3. What issues are associated with the educational aspect of the organization? What can the organization do to improve focus in this area? What needs to be done with music education in the future?
4. How can the organization increase the stability and predictability of contributed income?
5. What steps can the organization take to ensure fulfillment of its mission and long-term sustainability?

### **AUTHOR BIOGRAPHIES**

**Kay-Alana Turner** is an undergraduate student in Lamar University's College of Business. Mrs. Turner's contributions to the following case study were part of an undergraduate research project in 2015. Mrs. Turner presented her research in 2015 April at Lamar University's Undergraduate Research Expo. She continues to study nonprofit organizations, and their management and effectiveness.

**Craig Escamilla** serves Lamar University as management instructor in the College of Business. Mr. Escamilla teaches courses in management, leadership, strategy, and organizational behavior at the undergraduate and graduate levels. Prior to joining Lamar's faculty, Mr. Escamilla served as Executive Director of the Symphony of Southeast Texas for seven years. Mr. Escamilla earned the Bachelor of Music and Master of Business Administration degrees from Lamar University.

**Enrique (Henry) R. Venta** serves as Dean of the College of Business and Professor of Management at Lamar University. His teaching and research activities are in the areas of strategic issues in operations and managing the service sector. He holds Ph.D. and M.S. degrees from Northwestern University and a B.S. I. E. degree from the University of Puerto Rico. He has published more than 40 articles, chapters and monographs and serves on the boards of several civic and service organizations.

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**NOTES**